

KNOWLEDGE TRANSFER AND CREATION THROUGH NETWORKING

As seen by the CEOs of organizations of knowledge-based businesses

Ida Salo

International Business
Bachelor's Thesis
Supervisor: Russel Warhurst
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Objectives

1. To analyze the literature of knowledge types, knowledge transfer and creation, organizational knowledge, networking methods, and distributive cognition.
2. To evaluate the relative importance of different types of knowledge in business success.
3. To undertake empirical research to determine the most effective networking methods used in successful businesses.
4. To draw conclusions to determine the most effective networking methods and their transferability into business.
5. To make recommendations to employers and entrepreneurs of the use and training of networking on the basis of knowledge transfer and creation.

Summary

The research conducted in this paper was conducted to find study organizational learning, knowledge types and networking methods. It was written to be used as a guide for developing future training and recruitment to enhance organizational learning through methods of networking. Through the study conducted for this paper, two main findings were found: utilizing effective communication can possibly develop organizational knowledge efforts and using the full intellectual potential of an employee is impossible, however something to strive for through empowerment. The effective communication was found to consist at least partly from using feedback and partly from social learning. Although all of these, were findings from the research conducted, no definitive relation to the improvement of organizational learning was found nor were any concrete and common networking methods found.

Conclusions

To conclude, the research found that effective communication and the ability to use the full intellectual knowledge may be related to organizational knowledge and networking, yet did not show any definitive results on this and they were difficult to directly relate to previous literature on the subject of organizational learning. In effective communication, the highlights are considered to be the usage of feedback to learn faster and filtration of

knowledge that emerges in social learning. In using the full intellectual potential of an employee, it was considered that empowerment was the nearest way to achieve it although it was also found that achieving this in its entirety is considered to be impossible

Key words: organizational knowledge, network, knowledge, informal knowledge, formal knowledge, activity systems theory, communities of practice, social learning, proximity, distance, empowerment, communication, intellectual potential, tacit knowledge, explicit knowledge, management,

Language: English

Grade:

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INTRODUCTION

Background

The interest towards this topic emerged for the author when she established her own company three years ago. During the past three years she has encountered networking opportunities on various occasions. These networking opportunities have always brought new information that she could use to develop our company. Hence, she thought that there could be more done to further advance not only her own company, but also those of other companies. After networking with a lot of employees of different sized companies, she realised there was one reoccurring factor: all of them needed to adapt to the constantly evolving economy.

The author made another observation as well, a plethora of companies had succeeded, but no evident common reason emerged. Therefore, she believes that the reason is solvable through efforts towards further developing networking efforts. Often companies seem to succeed due to organization structure, HR efforts or excellent timing, yet she believe that the actual reason is that the prosperous firms manage to utilise the knowledge capacity of their employee base.

Research Problem

Networking has been a current topic as it plays a key role when becoming a successful international business (Cummings & Teng, 2003). Networking has been largely researched with the perspective that it can be utilised as a tool to create relationships that could then be benefited from in terms of furthering one's agenda. The significance of networking has been acknowledged (Agrote & Ingram, 2000) and the existence of knowledge transfer and creation in this process recognized, yet the extent to which networking can aid knowledge transfer and creation, in particular in the case of tacit knowledge, is yet to be addressed.

Multiple studies discuss the importance of acquiring external knowledge and using the entirety of the companies' absorptive capacity. In addition, internal knowledge transfer between units has become a part of organizational research (Van Wijk, Jansen & Marjorie, 2008). Individual tacit knowledge of the employee base has been

to some extent out of reach for most companies as very little has been researched on how to harness the knowledge. If the individual tacit knowledge could hence be transferred both externally and internally in a firm, new links could emerge in an individual's chain of thoughts. These new links would create new thoughts and fresh knowledge. This new knowledge would instead result in a multitude of new solutions, opinions and propositions, which, if used correctly, could result in again new knowledge sharing, transfer and creation.

This antecedent non-existent knowledge would hence give a competitive advantage to firms. Therefore, one could argue that networking is crucial to knowledge transfer and creation to create a substantial number of alternatives that take into account a large amount of information. Utilising knowledge transfer and creation through networking to ensure that as much information as humanly possible that could potentially be hurtful to a project or decision would hence be imperative to the survival and success of companies.

According to the theory basis and constructs of the Activity theory in Nardi (1996), activity is dynamic and can alter as the situations change. In light of the research this means that people view theories (either as tacit or explicit knowledge) used in actions subjectively and alter their operations according to their personal goals. Nardi (1996) mentions the fact that the activity system of objects, actions and operations is the context, which includes both the external and internal parts of activities. Therefore, context should be taken into account in the transfer of knowledge with an understanding that context is not only a collection of the people around oneself with instruments, signs and languages externally, but contains as Nardi (1996) describes "a specific transformative relationship between people and these artefacts". Hence, the effect of networking in the transfer of knowledge should be viewed critically as the intake of tacit or explicit knowledge is contingent to the objectives of individuals and may therefore differ. Yet the "specific transformative relationship" would also suggest that networking could be utilized in efficient knowledge transfer.

Nardi (1996) also brings forth the theory of distributed cognition, which looks into the impact people and artefacts have in the transformation of individual knowledge creation, which is highly useful in understanding the connection between networking and knowledge transfer. Distributed cognition presents also the coordination the

parties have in sharing their knowledge in a process, which is divided into separate parts, in which counterparties have a mutual goal. This may be incorporated in the study as having networking as a useful tool especially for project-based companies.

Present research has studied the benefits of knowledge transfer in business, yet it merely scratches the impact of knowledge creation in the results of organizations. As only knowledge transfer has been researched to some extent, yet its influence on knowledge creation results to organizations disregarding the significance it could have on their business development and on their competitive advantage. As a result, companies have neglected the networking opportunities as well as training in efficient networking. The inadequate use of knowledge transfer and creation continuously and efficiently has led to companies using only a fraction of the absorptive capacity and tacit knowledge their employee base consists of.

Research Questions

This thesis is meant to discuss the implications of networking as a tool for knowledge transfer and creation when used in knowledge-based businesses. Examining network-based theories as well as theories of knowledge transfer and creation and adding the experiences of CEOs of companies from a variety of fields, the author studies the extent in which networking effects knowledge transfer and creation. In addition, she studies whether networking could be used to create a competitive advantage or to significantly advance development efforts of organizations. She is hoping to address the following questions:

1. To what extent does knowledge transfer and creation improve the results of knowledge-based organizations?
2. What kind of networking tools can organizations use to increase the amount of knowledge transfer and creation both in internal and external environments?
3. How can networking skills be taught efficiently to personnel to enhance knowledge transfer and creation to gain competitive advantage?

Research Objective

The following paper will attempt to achieve the following:

1. To analyze the literature of knowledge types, knowledge transfer and creation, organizational knowledge, networking methods, and distributive cognition.
2. To evaluate the relative importance of different types of knowledge in business success.
3. To undertake empirical research to determine the most effective networking methods used in successful businesses.
4. To draw conclusions to determine the most effective networking methods and their transferability into business.
5. To make recommendations to employers and entrepreneurs of the use and training of networking on the basis of knowledge transfer and creation.

KNOWLEDGE TYPES

Knowledge is not a simple concept as there are multiple types of knowledges, which identify the way that the knowledge is understood by individuals as well as the way it is transferred. First of all, it is crucial to differentiate between the concepts of knowledge and information, although they are often used interchangeably (Nonaka et al., 2001). This is followed by a distinction between the two main knowledge types: differentiation between tacit and explicit knowledge, known by most that study the field of knowledge and knowledge management (KM). These concepts are crucial in understanding organizational learning, organizational memory and the frameworks that will be presented.

Knowledge vs. Information

A common error made by many is identifying knowledge and information as the same, although there is a remarkable difference between the two. This mistake undermines the distinctive qualities of the two, which undercuts the necessary management and storage of them as they are not treated properly. Nonaka et al.(2001) describes information as merely the messages that are transferred amongst individuals, whereas Maruta (2014) describes it as being an “external stimulation” received by an individual, which causes the individual to change the current process as a response to this stimulation. Where one describes information as always changing the course of action, the other disregards the importance of information causing the change, which results in the question whether actionability is key in defining information or whether it simply is a non-actionable message?

The definition of information relies on the definition of knowledge in certain ways. Knowledge can be considered as something that is created in the process of transferring information and the information being “anchored in the beliefs and commitment of its holder” (Nonaka et al., 2001, p.13) as well as “actionable information” that has been combined with previous experiences, whether learned by oneself or from other, or created by the experience itself (Maruta, 2014). Knowledge is therefore considered to be a combination of pieces of information from the past and present, buliding on to one another as beliefs, which guide the actionability of information, making actionability irrelevant to the definition of information.

Tacit and Explicit Knowledge

The division into tacit and explicit knowledge is imperative to understand what is necessary for knowledge creation and transfer (Nonaka et al, 2001; Maruta, 2014). These two types of knowledge have been long spoken about when considering knowledge management, transfer, and creation as well as organizational learning and hence, are to be clarified to fully understand the importance of the two as reciprocal, interactive types of knowledge.

Explicit knowledge is known to most as “book knowledge”. Nonaka et al.(2001) describes it as a formal and systematic knowledge that is easy to transfer for

example in the form of data, manuals and patents, which is near to the description Maruta (2014) gives. He as well suggests explicit knowledge to be formal, yet also mentions that it is knowledge that can be articulated –put into words. Without having to give specifications or examples of the type of knowledge explicit knowledge is, Maruta (2014) explains the commonly known “book knowledge” in simple terms: as knowledge that can be relatively easily articulated and put into words. For the purpose of this paper, this is the definition of explicit knowledge we will use.

Tacit knowledge is complex due to its form as a knowledge that can be considered to be a part of an individual. It can be considered to be the intangible knowledge that is embedded in the experiences, beliefs and perspectives of an individual (Maruta, 2014). It is also the knowledge that is difficult to codify, to verbalize and to communicate to others (Nonaka et al., 2001; Maruta, 2014). These definitions fail to fully acknowledge that tacit knowledge is not simple “one-folded” knowledge, but has a minimum of two “folds”, building onto previous bits of both explicit and tacit knowledge, creating multi-folded, constructed knowledge. This “deeply rooted” (Nonaka et al., 2001) tacit knowledge will hence be defined as a knowledge, that is difficult to articulate and is embedded in the insights, perspectives and beliefs of an individual and is hence multi-folded, constructed knowledge.

ORGANIZATIONAL MEMORY

Organizations consist of “associations, cognitive systems, and memories that are developed and shared by members of the organization” (Fjol, 1985, p.804). These elements of an organization have been built and shared throughout many years and have been pieces from which the organization culture has been constructed from. As an individual learns, so does an organization and as an individual has a memory of the learnt, so does an organization. Organizations use retention repositories to store knowledge, yet they also utilize shared mental models to have the knowledge embedded into the organization and its actions.

Although organizations learn through individuals, they do not need specific individuals to do so (Kim, 1993). As individuals, who all have their individual mental models (IMMs), form an organization and make their IMMs explicit they begin

performing linkages between their IMMs, which will later on form their shared mental models (Kim, 1993). These shared mental models are not meant to be used merely for storage, but to be the factor of guidance and direction to base actions on. As Kim (1993) states, organizational memory in a broad sense is everything that can be retrieved. Yet, the definition of organizational memory, in a context of organizational learning, is extremely near to shared mental models as what is relevant is that it is the active memory of an organization due to its nature of having been constructed by employees of the past and present by choosing adding and removing elements (Kim, 1993).

Clusters built with transparent shared mental models and bas create new environments and new knowledge resources and with these adapt faster into environments (Nonaka et al., 2015). These new knowledge resources build on each other and are set to storage and later use in retention repositories. In a framework of organization memory structure, Walsh and Ungson (1991) divided an organizational memory into five separate retention facilities inside an organization: individuals, culture, transformations, structures and ecology. In addition to the five locuses, Walsh and Ungson added an external archive locus to represent the knowledge and information coming into an organization externally.

LEARNING

Learning can be divided into two main groups: individual learning and organizational learning. To fully understand the implications of organizational learning, one must first understand the process of learning on the individual level. For the purpose of this paper, I will briefly explain the most significant remarks of individual learning for the reader to fully understand the comparisons and implications made on organizational learning.

Individual Learning

To fully comprehend learning in an organizational environment, one must have a general overview of individual learning. The most basic level in which individual learning is divided into is operational learning, the “learn by doing” way in which you learn through processes, routines and actions, and conceptual learning, which is the questioning why something is done (Kim, 1993). These can be considered to be the most basic levels of learning and these are sufficient in terms of understanding organizational knowledge.

Organizational Learning

Organizational learning can be considered a complicated topic not only for its division into two, intra-organizational learning and inter-organizational learning, but also due to the complexity of organizational systems as a whole. ‘The level of complexity increases tremendously when we go from a single individual to a large collection of diverse individuals’ (Kim, 1993). Organizational systems in the modern day do not function as separate individual entities, but work as a collaborative network of activity systems, which are made of individuals working as their own collaborative system within organizations.

Engeström (1987) proposed human activity systems theory as a way to explain how a human interacts with its environment as it does with community and how an individual learns from its surroundings including intangible entities such as goals, rules and signs. Later on, Engeström (2001) developed activity systems theory of interconnected activity systems of organizations that interacted with each other, which he called the “third generation of activity systems theory”. This simplification of an entangled web of organizations, individuals and in general, activity systems, will be the base theory that the framework of this paper will be built on and that will be discussed in deeper meaning in the following part.

In addition to this “third generation of activity systems theory”, the framework of this paper will add pieces from a multitude of other frameworks and theories of which “Communities of Practice” will be explained in detail after the introduction of the activity systems theory. Communities of Practice (CoPs) theory introduced by Wenger & Snyder (2000) has been found to be a beneficial concept incorporated in

organizations more commonly as it accelerates the rate at which knowledge is produced, transferred, shared and implemented. CoPs can be summarized as informal groups of people, who are linked by common topics that they are naturally interested in. With this theory Wenger et al. & Snyder (2000) demonstrates how informally connected people can benefit organizations by creating connections within and beyond an organization.

Activity Systems Theory

As previously mentioned Engeström has long been modifying the activity systems theory to its current state to fit the current structures, strategies and objectives as well as other aspects of constantly changing organizations. Yet the change and the base was not started by Engeström and to fully understand the implications of his modifications, one must take a look back at what it was before its current form.

Cultural-historical activity systems theory, began, as Engeström (2001:134) mentions, from Vygotsky's (1978) idea of mediation, which was considered revolutionary and was commonly depicted later on as the relation between subject, object and mediating artefact, shown in Figure 1. The use of a mediating artefact as an actor was significant due to its implication of culture being a relevant mean in understanding an individual as well as a society (Engeström, 2001). Yet this triad of subject, object and mediating artefact was limited by it being individually focused.

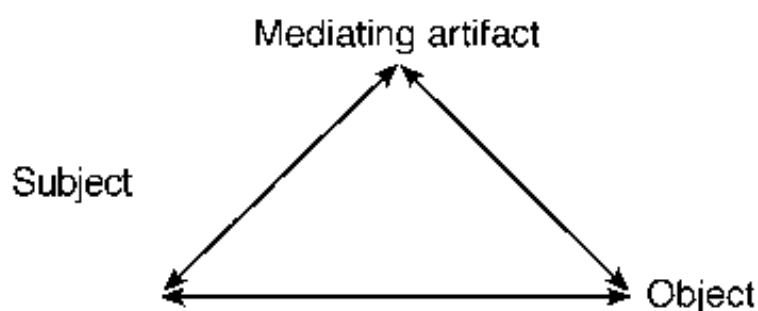


Figure 1. Common reformulation of Vygotsky's model of mediated act (Engeström, 2001, p.134)

The following modifications, that according to Engeström (2001:134) were centered around Leont'ev (1981) theorizing of the division between individual action and collective activity. However, Leont'ev did not picture the expansion of the theory into the model Vygotsky had created but left it to Engeström (1987) to create the modeling as shown in figure 2.

The sub-triangle of Figure 2, which is the commonly known version of Vygotsky's model, symbolizes the both individual actions as well as group actions, which can be found in a collective activity system (Engeström, 2001). The object in Figure 2 is demonstrated as an oval to imply that object-oriented activity is shown as ambiguous and surprising, is always under interpretation and hence developed and changed under internal contradictions (Engeström, 2001).

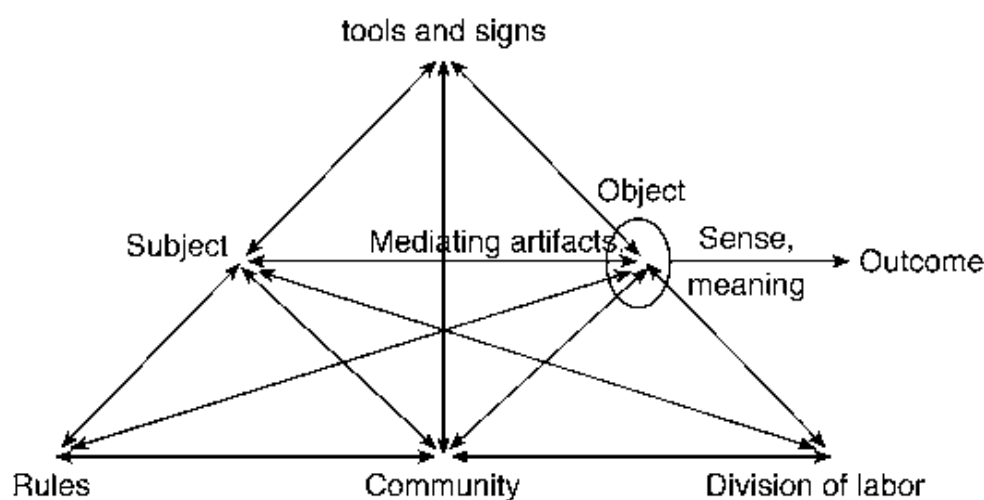


Figure 2. The structure of a human activity system (Engeström, 1987, p.78)

To take into account the external environment and the impact and the constant change in one's mental models, Engeström (2001) expands the third-generation activity theory into a model discussed by many researchers along the years after the development of the second generation activity theory. This model is demonstrated in Figure 3 as a simplified version having merely two interconnected activity systems.

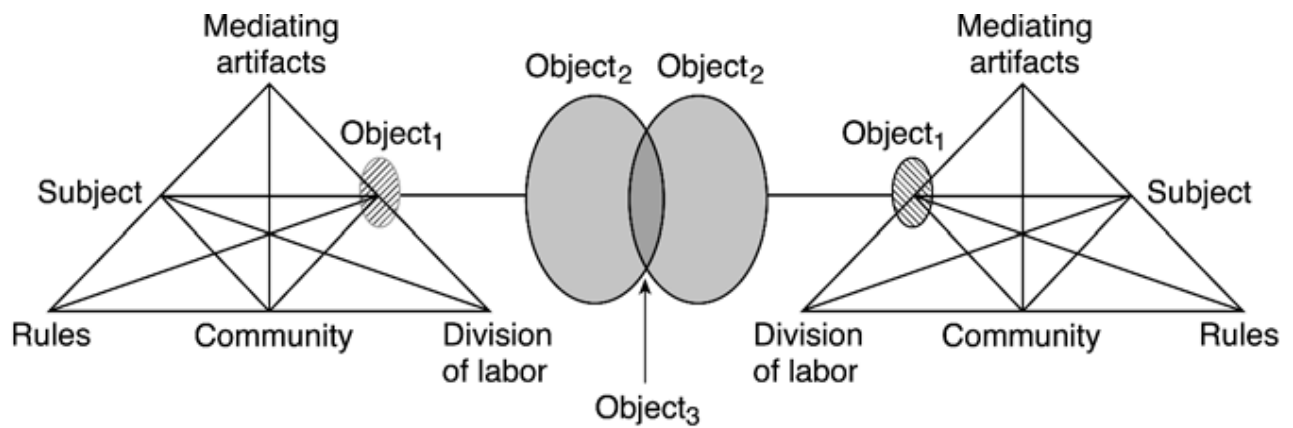


Figure 3. Two interacting systems as minimal model for the third-generation activity theory (Engeström, 2001, p.136)

This interconnected activity system demonstrates how the subject moves from a situational object, given in any given moment, to a significant object that is built by the original object (Object 1) being processed through the activity system resulting in Object 2 (Engeström, 2001). These significant Objects can then be possibly shared resulting in a jointly built Object 3 that covers all of the previous objects (Engeström, 2001). The process of the object transforming eventually into Object 3 reflects the complexity of object transformation and shows how it is a continuous process of the change of goals.

An activity system forms a network with a variety of activity systems, which all have separate yet also common objects. These individual activity systems as well as networks of activity systems in their complexity can merely be understood when introduced in context, in their background (Engeström, 2001). It being multipliable in into a large group means that the community influencing it creates a multi-voicedness due to their differences in their histories. (Engeström, 2001). Engeström (2001) suggests contradictions as a source of change and development creating friction between a multitude of activity systems, although fails to observe that frictions in themselves cannot produce development and change unless it also raises questions in an individual activity system. The friction must create questioning inside an activity system for it to trigger changes in the base of an activity system for it to eventually also change and develop the objects. However, Engeström (2001) does raise questioning as a long-term commitment, resulting in a collective change effort,

collaborating with a multitude of interacting activity systems, reconceptualizing objectives and activity.

The use of activity systems has slowly been adapted to organizations in addition to them demonstrating the interconnectedness of individuals. As Engeström (2001) brought the interactive activity systems into research as a model, visualizing social interactions as a courier of knowledge, activity systems theory and the use of networks has become crucial to individuals as well as organizations. However, the use of the theory in the context of organizations should be used with caution due to the risk of anthropomorphism –giving human like characteristics and capabilities to a non-human entity such as an organization (Friedman et. al, 2005; Kim, 1993). Therefore, the use of activity systems theory may not be sufficient to depict the social interconnectedness between organizations that could result in organizational learning through knowledge transfer and creation, but should possibly be combined with another theory, such as the theory of *Communities of Practice*.

Communities of Practice

Communities of Practice (CoPs) were original introduced by Lave and Wenger (1991). Wenger and Snyder (2001) defined the concept in simple terms as “a group of people who are informally bound together by shared expertise and passion for joint enterprise”(p.139), which share their experiences and knowledge in freely flowing, creative ways that force to look at issues from new directions. Since the original definition of CoPs, the use of CoPs in terminology has been used carelessly to include all social practices and collaborations (Amin & Roberts, 2008). Although CoPs are considered to be informal in terms of relations of members, they can be formed in different ways as seen in Saint-Onge and Wallace’s (2003) research of CoPs categorization, which is recognized by Jeon et al. (2011) as a significant differentiation in terms of impact for an organization. The categories of Saint-Onge and Wallace (2003) are as seen in the following Figure 4: informal CoPs, supported CoPs, and structured CoPs (Jeon et al. 2011).

Table I Informal CoPs vs formal CoPs			
Characteristic	Informal	Supported	Formal Structured
Role	Sharing knowledge among practitioners for community's own sake	Building capability for a given business or competency area	Providing a cross-functional platform for organizational problem solving
Membership	Self-joining or peer-invited	Self-joining, member-invited, or manager's recommendations	Invited by sponsors or members with some selection criterion
Level of sponsorship	Very low: sometimes no formal sponsorship	Moderate: sponsored by one or more seniors/managers	High: formally sponsored by executives (or CEO)
Evolution	Naturally developed and working based predominantly on voluntariness	Intentionally developed mainly by sponsor(s) and CoP members	Organizationally developed and well aligned with business objectives; mostly depending on endorsement of members
Motivation	Purely voluntary	Voluntary and mandatory mixed	Mostly mandatory
Rewards	Mostly depending on internal reward (e.g. enjoyability or mutual trust)	Internal and external mixed	Mainly depending on external rewards (e.g. incentives from executives)
Life cycle	Relatively long	Moderate	Sometimes short
Source: Adapted from Saint-Onge and Wallace (2003))			

Figure 4. Informal Cops vs Formal CoPs, adapted from Saint-Onge and Wallace (2003) (Jeon et al., 2011)

As previously said, CoPs have a common topic, which the people involved in it gather around to discuss. These topics and groups are usually built around the interests of its core participants, who have intellectual as well as social leadership and hence, are able to manage and form these informal groups through formal, or informal channels (Wenger & Snyder, 2000). Once they have formed such self-organized groups with which they create their membership system, they decide the people who are pertinent to the group and should be asked to join or who may approach them to join the group (Wenger & Snyder, 2000). Although the structure of the groupings are identifiable and relatively easy to capture in an organization the operational aspect of them is difficult to grasp due to the continuously interacting members and the informality of the interaction (Thompson, 2005).

Wenger & Snyder (2001) use the example of a group, a CoPs, of line technicians of Hill's Pet Nutrition facility in Richmond, who want to replace a pneumatic tubes to get rid of a problem they have had. One of the technicians, Roger, has a history in plumbing and hence, joins a meeting of the matter to discuss it. Not knowing whether or not his interests align completely with the original group of technicians, he is took in to discuss it and to find a solution (Wenger & Snyder, 2001). This exhibits how he, although not part of the original group, is brought in temporarily to solve an issue and

is considered valuable to the issue that has come up in the CoPs. This demonstrates the importance of identification of members; to find the permanent and the temporary members, that either align with the interests completely or are simply crucial to a solution of a certain problem.

CoPs are being constantly exploited to capture the full potential of creativity and knowledge of workforces in organizations to survive and adapt into the ever changing environment and economy (Amin & Roberts, 2008). Wenger & Snyder (2000) argued CoPs to be beneficial, due to them guiding in strategy, creating new lines of business, solving issues to improve efficiency, sharing the best practices, developing professional skills and helping in human resources management. However, Amin & Roberts (2008) question whether the implementation of CoPs generically into organizations causes CoPs to lose their effect in general interest towards a common topic. Amin & Roberts (2008) hence suggest, that there is a variety of situated practice, in which the processes and results differ in terms of social interaction. The motion of generic formation of CoPs decreasing the effectiveness of general interest towards a common topic, is supported by Thompson (2005), who clarifies this to depend on the extent to which an organization intervenes in the structure and operation of CoPs.

According to Thompson (2005) the use of nonprescriptive ways (games, toys, unconventional art) to intervene in the structure of CoPs is most likely to “indirectly seed future collaboration”, because it creates a point of focus, which has been found to be imperative for communicative interaction. However, he does understand the future limitation of these physical, location bound, interactions due to the constant change in technology as a tool in global organizational interaction, which has resulted in the commonality of geographically spread organizations. Furthermore, Amin & Roberts (2008) concurs with Thompsons (2005) claim of location bound interactions supporting CoPs, yet being also limited in their usage in global organizations, however reduces this limitation to simply an issue between proximity and distance in terms of relation and geography, which will both be further discussed further below.

SOCIAL STRUCTURES

Since a large portion of the introduced theories rely on social interactions with a rather vast variety of entities, it is crucial to comprehend the social structures that support and dissolve these interactions to be able to compile a framework that compliments them. As social interactions have been recognized as significant in knowledge transfer and creation already by Nonaka & Nishiguchi (2001), it is imperative to focus on the impact of the social structures that lead to these interactions. To fully grasp these organizational social structures, they have been broken down into categories: proximity and distance, overlapping and contradictory social structures and network position.

Proximity and distance

There is a lot of debate between proximity and distance as contributing to knowledge transfer and creation in organizational learning in the literature. The largest discussion has revolved around the two in terms of geographical proximity and relational proximity and the difference influence they have on the interactions (Hermans, 2013; Dang et al., 2014).

Geographic proximity has been, since the beginning of research on social interactions, considered an aspect that encourages innovation and knowledge creation through knowledge diffusion in face-to-face interactions (Dang et al., 2014). However, once an individual masters the professional knowledge through for example apprenticeship-type learning, they may in fact benefit as well from knowledge exchanges through technology facilitated communications between globally spread professionals (Amin & Roberts, 2008). Furthermore, the relational proximity is what geographical proximity has reduced itself to, in which location merely supports the facilitation of this relational proximity, but does not require it (Amin & Roberts, 2008). In fact, Boschma (2005) found that proximity can have an issue of lock-in, which is a deficiency in openness and flexibility. Therefore, a balance between proximity and distance is a challenge for organizations to overcome.

Only later on, has geographical proximity reduced to this relational proximity having studied what actually triggers the transfer of knowledge: proximity is merely a trigger for trust and a common understanding between the people of groups, organizations and teams (Hermans, 2013), which are the actual factors of knowledge transfer and creation. Moreover, as seen by Engeström (2001) in activity systems theorizing, having a common object, which has been jointly built does facilitate trust and a drive towards the same goals, yet does not necessarily require geographical proximity. Similarly, usage of CoPs requires a common topic around which to revolve, but as Thompson (2005) suggests it doesn't necessarily require co-location, although this does help encourage and facilitate trust and common understanding more easily. Hermans (2013) also notes the use of cognitive distance, using interactions of organizations of complementary skills or from entirely distinctive fields of business and economic sectors, to be extremely helpful in knowledge creation, innovation as well as knowledge transfer.

Overlapping Social Structures

The usage of overlapping social structures, meaning overlapping networks within and beyond organizations, is imperative to enable a continuous flow of new knowledge into networks and to create endless possibilities for new knowledge creation (Hermans, 2013). Orlikowski (2000, p.412) agrees and states: 'by enacting various interpenetrating (and perhaps even contradictory) structures, actors experience a range of rules and resources that may generate knowledge of different structure and awareness of the possibilities for structural change'.

Amin & Roberts (2008) as well support the importance of having overlapped social structures and describe them as axis that intersect and create a network of multiple layered axis of knowledge that over time evolves into a 'complex web' (p.367) that can have ties wherever yet have differences in terms of the relationship. The overlapping is supported also by Wenger and Snyder's (2001) CoPs as there should be multiple overlapping CoPs that do not overlap in terms of topic, but in terms of members; this is considered to be one of the key characteristics of CoPs in fact. The overlapping includes network positioning, which will be discussed further next.

Network Position

Network positioning can be used intra-organizationally as well as inter-organizationally to gain and use a vast amount of knowledge to be used to further the objective of an organization. For the purpose of organizational benefit, we will concentrate on inter-organizational network positioning as intra-organizational network positioning is less relevant as the knowledge is already theoretically in the use of the organization.

Central positioning in a network is considered to increase the amount of access to knowledge, which 'provides opportunities for shared learning, knowledge transfer, and information exchange' (Tsai, 2001, p.1002). Although Tsai (2001) did conclude that there is no significant relation between network position and business performance, he does highlight that network performance can promote social learning (p.1003), which as previously mentioned has contributed in business performance.

Centralized positioning is based on the crossing axis discussed previously and their complexity as a web. The relationships created in these webs by a variety of entities are all built differently some having tighter relational proximity, whereas others being more distant, having intermediaries that can either strengthen or weaken the links (Amin & Roberts, 2008). These links determine the quality of the knowledge passed on to the centralized. Therefore, it can be considered an asset to keep a central positioning considering the relevant and pertinent players of knowledge in which an organization function as Hermans (2013) says containing complimentary skills. Engeström (2015) supports the notion, with the concept of knotworking instead of networking, of only tying tight relations with the centre of control and merely loosely collaborating with the other actors. These factors should be the ones considered to be crucial to daily business.

FRAMEWORK

The following frameworks are based on the two theories explained above: the Activity Systems theory as well as the Communities of Practice (CoPs) theory. The activity

systems theory as well as CoPs theory are on their own useful, but neither take into account the entirety of an ecosystem. To give a full picture of the influence an individual as well as an organization may have in the entirety of the ecosystem, two frameworks were built. The first one is to explain the effect that intra-organizational interaction has on the knowledge and the objectives of an organization, whereas the following one explains how the relationships and interactions between companies impact each other as well as their own objectives and joint objectives.

Activity Systems theory does not seem to be sufficient to show the actual action that the organizations and individuals have on each other, yet it does show the result that they have on each other and where the effect can be identified (object/outcome, figure 2.). Communities of Practice theory instead reflects the action in which the interaction and relationship is built, yet it does not show the relationship that these CoPs have with the results or outcomes. Therefore, by combining these theories into one framework, one can see both the action that triggers the flow of change in both individual learning and perspective as well as that of an organization.

To be able to grasp the relationships of different aspects in both of the frameworks, the meanings of different factors should be explained. Firstly, the more frequent the dashed line around the circles, the more susceptible the factor is for change coming from the previous circle. This in turns means that the less frequent the lines are, it is more difficult to change them. With the arrows, the more frequent or solid the line is, the more definitive it is that a change will happen. This means that the more frequent the arrow line is, the stronger relationship between these two are. The frameworks will be discussed further below.

First of all, the framework of intra-organizational learning (Figure 5.) is presented below. This shows how the organizational interactions affect the individual's perspectives, thoughts and interests through which they impact also the personal objectives and this may in terms, through similar individual objectives change the organizational objective through the actions of individuals. What should be noted in this framework is the difference between the effect of ideas and thoughts coming from organizational networking that have no contradictions in the current interests of an individual compared to the ones that do have contradictions in perspective.

This is shown in the framework as the thoughts being accepted as they are (solid arrow line) in “ideas and tools”, where as if they have contradictions of perspective, they have to go through the “history and background” part in which it may be accepted eventually though with hesitation and with time or it may end its journey there. If it passes the “history and background” part with or without modifications, it has to be still accepted separately in “ideas and tools”. The same applies when considering external interactions, apart from organizational networking.

The framework also identifies the impact of individual’s objectives in organizational objectives as at times, especially if they happen to align with a few other individual’s motives. The alignment may trigger organizational discussion of change in organizational objective which is why the framework has a double ended arrow between “joint organizational objective” and “organizational interactions and networking”, which is a line of little frequency showing a loose relationship between the two.

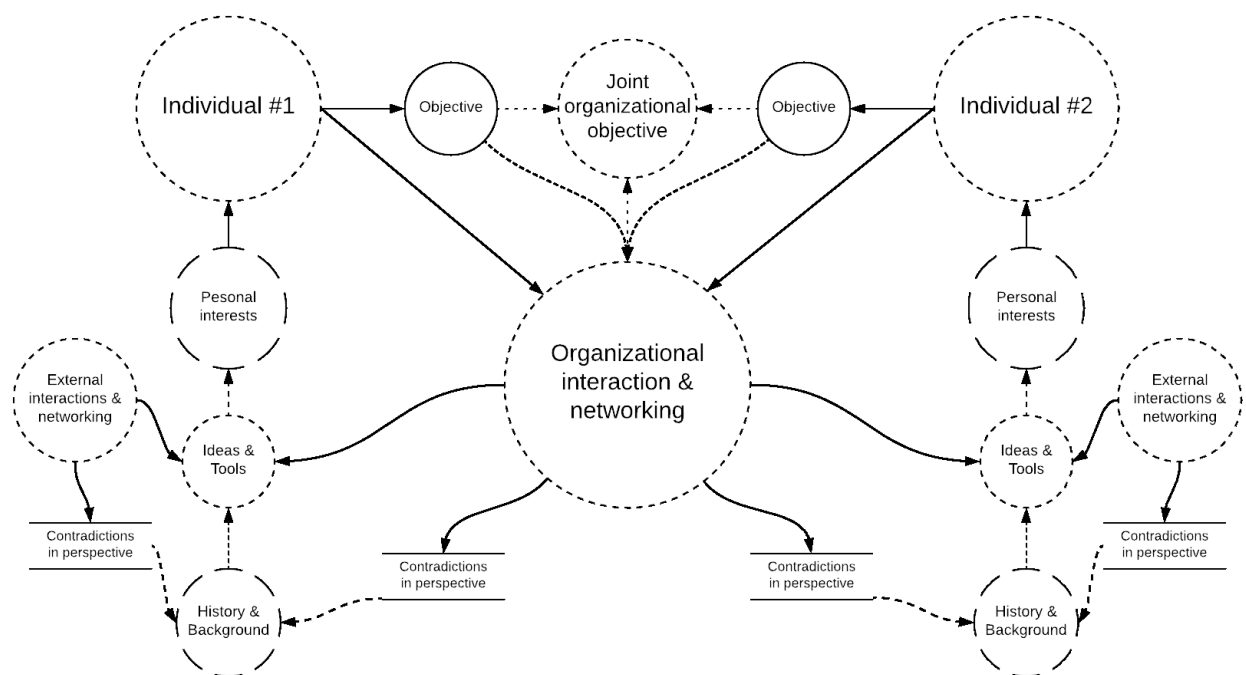


Figure 5. Intra-organizational learning framework

Now that we have discussed the impact an individual has on intra-organizational learning, we can focus on inter-organizational learning. This can be seen in the

following figure (Figure 6.). This figure is supposed to represent the relationships between organizations, their objectives and the influence interaction has on their culture and organizational memory. The basics are the same as that of the framework of intra-organizational learning. CoPs is demonstrated as the joint objective and the interaction between the organizations, yet the framework also reflects the process through which changes are made. In addition, it shows how the “Joint objective” has to be built from the similar objectives of the two organizations.

The effect of contradictions in history and background can be seen again in the framework as a hinderance towards change, yet also the relationship between contradiction free “ideas and tools” can be seen as easily implemented into the objectives. The less paces an organization has to do, avoiding for example direct contradictions with history, results in fast implementation of change hence, making adaptation of individual objectives and joint objectives faster.

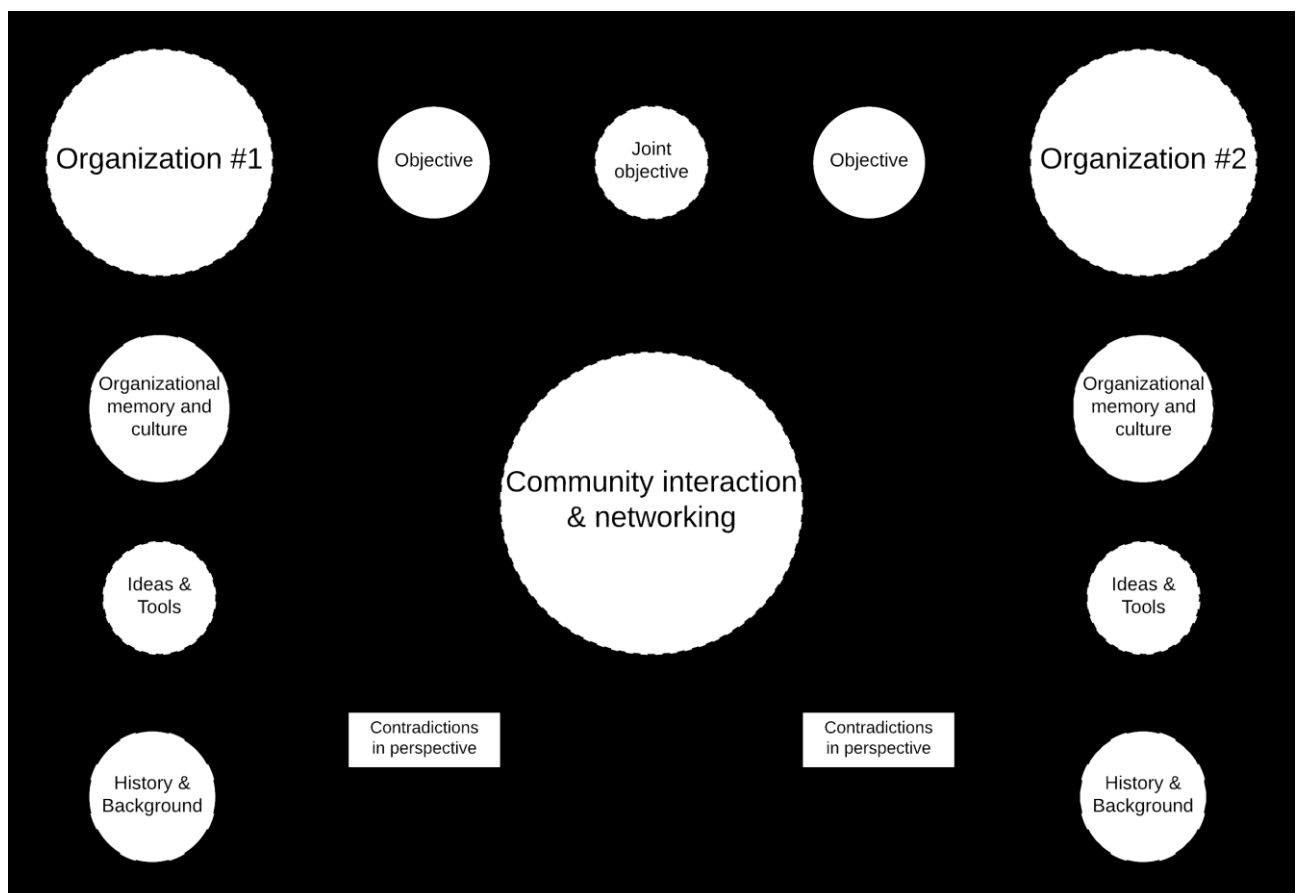


Figure 6. Inter-organizational learning framework

METHODOLOGY

The research of this paper was started by defining the research problem, which was discussed in detail in the introduction section. This problem was clarified during the research process to be fit for research. To get a full picture of what is already known in the field of organizational learning and what is still missing, the research problem was followed by a rather extensive literature review. The literature review focused mostly on two existing theories, the activity systems theory and the CoPs theory. These two theories were carefully selected on the basis of them recurring with some variations in a vast variety of existing articles. Choosing a suitable research method is imperative for a research to be successful and that of this paper was selected on the basis of the complexity level of the topic as well as recommendations given in the articles discussed in the literature review.

To fully grasp the extensiveness of the impact of inter- and intra-organizational learning, no conclusions were made before the research was conducted and analyzed thoroughly. To make the reader of this paper is aware of the extensiveness of this paper and the strength of its implications, one should mention that the reader should consider that the following research was conducted within the limits of a Bachelor's Thesis research timeline and cannot hence be considered as an absolute truth, although the research was conducted under supervision and with the guidance of the supervisor. The research method is to be further discussed below.

Research Method

Due to the complexity of the topic of organizational learning and given a time limit to conduct this research, certain limits had to be recognized from the beginning. To begin with, the combination of a difficult topic and a tight schedule, a quantitative research was ruled out. Although a quantitative research would have given more accurate and definitive result, one can consider the credibility of the research to be easily disrupted due to not being then able to direct the questions necessarily to the correct people with vast enough knowledge to have the capacity to answer questions of such difficulty level.

In addition to ruling out quantitative research, an observation was made, and a pattern detected in previous research of the topic: nearly all were conducted through qualitative research. Not only that, but semi-structured interviews seemed to be recurring (Dang et al., 2014; Hermans, 2013) and have been considered viable and sufficient for the nature of this research due to its difficulty level and due to the need for insightful observations directly from those in the midst of the organizations. For the previously mentioned reasons, complexity level of the topic, time limitations and previously found viability of semi-structured interviews, this paper chose semi-structured interviews as well as its primary method of research.

Semi-structured interviews are generally used to generate insightful responses and to activate the participant to further develop their thoughts on the topic. Due to the difficulty of the topic for participants, who are not familiar with the implications of organizational learning to an organization, semi-structured interviews suited the need of further developed thoughts. This semi-structuring also presented a possibility to slightly guide the participant to a direction of their thoughts that generated responses that were actually viable to the research.

Due to the complexity of organizational learning, the questions were constructed in a way that divided the topic into pieces and hence made them easier for the participant to process and generated also a further developed chain of thought. Furthermore, the questions were generated in a way that made it as easy as possible for the respondents to relate their insights to the subtopics under organizational learning. These enabled the respondents to produce useful insight on the topic, relating real-life situations to concepts of organizational learning.

Research design and Sample Selection

As discussed above, the research was conducted by semi-structured interviews, and had seven respondents. These participants were all CEOs from different organizations, including both non-profit organizations and for-profit organizations as well as small and medium-sized organizations and large organizations. These organization samples were chosen to reflect as vast of organization as possibility and

to see whether the findings can be transferred to all different sized and organization structures. The transferability of the findings is meant to be overridden by this diversification of a sample group. To further advance the diversity of the sample group, the sample included both organizations from Finland as well as those from the United States of America.

CEOs were chosen from the spectrum of those in managerial positions, because they are often considered to be those that possess the largest general picture of the entire organization, including organization structure. They can be considered also to be the ones that have a vast amount of experience from all of the issues considered relevant to organizational learning. There were supposed to be five of them to ensure that the findings and analysis has a possibility of comparison to each other, making it more credible. In addition to these five CEOs, the same questions will also be asked from a Sales Manager, who discussed the questions with the CEO of their organization.

Demographics				
Identification	Age	Gender	Type of company	Number of employees
CEO #1	40+	Male	Sports	<50
CEO #2	40+	Female	International Affairs	<50
CEO #3	40+	Male	Mechanical and Indus	10 000+
CEO #4	40+	Male	Media Production	<50
CEO #5	40+	Male	Geology Research	100-500
Sales Manager	40+	Male	Consumer Goods	100-500

The experiences of the author will be used with caution as they may be inflicted by the fact that the topic is already familiar. The familiarity may cause the thoughts to be easily guided into a direction in which the purpose would be to simply answer the research problem. To avoid this bias, the experiences of the author will be used merely to confirm the findings as well as possibly present discrepancies or imperfections. They are to be used in a way that also further develop the thoughts of the other understanding, because although they may be biased, they do have knowledge of the actual topic and hence have understanding of what the other CEOs mean.

The CEOs were chosen and contacted via personal contact and by using the snowball effect, getting the CEOs to contact those of other organizations. The criteria of the CEOs were broad to keep the diversity of them, but can be broadly thought as the following:

- (1) Participants must be currently CEOs of an organization.
- (2) Participants are to be from different fields involving knowledge-based businesses to relate to the topic.
- (3) Participants should be from a variety of genders, nationalities and different sizes of organizations.

The interviews were held via face to face contact or via Skype. Face to face contact build a short-term relationship that is meant to build trust between the interviewer and interviewee to get as much out of the interview as possible. Face to face contacts can be considered to be the best for this exact reason. Whereas Skype meetings may have a lack of trust unless in some cases there is a considerable personal relationship with the participant. To overcome this issue, the participants were gathered by this personal contact and snowballing to keep the errors in trust as a minimum. The information about the participants are confidential, yet the sessions were recorded and transcribed to ensure accuracy in interpretation. These were recorded on the author's phone and were strictly confidential.

There was a set of eleven questions as a base of the interview yet were slightly modified to fit the participant's experience level and knowledge. As the interviews were held in English, there is no discrepancy in trust between the respondents' answers and the authors' opinion. The interview questions can be found in detail at the end of the paper as appendixes (Appendix 1). All of the questions were handed out a minimum of 24 hours prior to the interview to make sure that the answers could be as in-depth as possible. The questions were then asked and additional questions followed to fully understand the meaning from all that the CEOs say. The questions are in such an order that the first question is the simplest and the following are more difficult. These questions are designed to be in an organized order to activate the thoughts of the CEOs and get the thought running towards the more difficult questions.

Analysis of Qualitative Research Responses

The interviews, as previously said, were later transcribed onto Word Documents according to the recordings. The interviews lasted for approximately 45 minutes, yet there was one that was answered the questions in 19 minutes. Although the timing is significantly lower, it can be explained by preparation. The shortest timed interviewee had prepared thoroughly and therefore, cannot consider as not credible source. The analysis was considered as a basis for the findings and analysis and build on top of each other's' responses. Any further analysis will be discussed in the parts following.

FINDINGS

After analyzing the transcriptions mentioned above there were two findings that had the most in common. Although some responses had a lot in common, some CEOs added limitations or has small alterations to for example methods used. These two most significant findings were related to efficient communication and to using the full intellectual potential of an employee.

Efficient Communication

The implications of social structures were presented in the literature review and after reviewing the transcripts, one can conclude that a lot of the implications made in the following chapter can be seen to correlate with previous research. When asked about the use of external environments, social learning both externally and internally and the effectiveness of knowledge sharing and organizational learning, effective communication became a common denominator in various forms in the responses of the CEOs as seen below in an excerpt from CEO #1.

“And through that we have continual conversations with effective communication, I call it learning to perpetuate what’s going on [...]”

It was commonly used and seemed to be one of the keys to success in terms of organizational learning and general success in business. However, effective

communication was utilized in extremely different ways between different CEOs and no clear pattern in the way effective communication was used could be seen.

Although no clear patterns were seen, one could see that certain aspects were found beneficial: using feedback both ways as well as learning from social interactions. The usage of feedback, learning from mistakes and social learning will be discussed in detail below.

The data table below, before the next chapter is meant to briefly present the key aspects of the findings considering effective communication.

Communication	Feedback & Reviews	Social Learning
CEO #1	"We have specific questions in a survey that we have in our reviews that go through not only the logistical needs of each employee group and company as a whole but also effectuating the values which constantly allow us to have different types of improvements."	"So, if you're effectively communicating, being accessible to others, to teach and empower as well as accessing what you need in an efficient, effective and statistically successful way, you know, you can have extraordinary results."
CEO #2		"So, I always try to make time to meet with these people and give them fifteen minutes or whatever it is. But just like, they can teach you something. They can tell what the cutting edge is, they see a lot of people."
		"When you understand what we are trying to achieve, what your role is in our success, then you cultivate the relationships that are critical to your success."
CEO #3	"And we do a major feedback session with our employees every year, it's called My Voice, where people can totally freely and openly say what they feel. I mean there are a lot of questions, but they are open. I mean you can tick a box and then you can with your own words say whatever you feel about the company. [...] And that more and more people feel that the change of the culture is going to the right direction."	"It's [informal knowledge exchange] actually extremely important, but you need to remember that quite often, that's a person's opinion. And there are different opinions."
		"I mean the knowledge has to be in the same place, not always physically, but at least in people's heads."
CEO #4	"You know this morning I learned more about [...] what other people and other companies at other events were saying about me and how that was shaping my public persona and whether or not that was something that I liked or wanted to adjust."	"Now counsel comes from people who are who've actually walked in the same shoes that you want to walk. They have personal direct experience in that particular area. So I always tell people make sure you're seeking a counsel and not opinion."
		"It's about actually connecting directly with the people we want to talk to which is amazing and getting the knowledge directly from them."
CEO #5		"He might know much more informally in a way. [...] Or he's just much more, or better aware of all the knowledge. So he can share it."
	"As a last thing, I would like to mention that it is important to ask feedback from customers regularly, [...] that you understand what's the changes in customer needs and what are the future needs."	"[...] to share experiences with the broader team, units and so on. It doesn't matter if project has been successful or has there been mistakes or misunderstandings or whatever. But it is really important to share all this information, because that creates [...] better understanding and knowledge for many others than those who have been included in the project."
		"[...] informal discussions are often more relaxed and the people are sharing views, [...] questions, hypothesis and so on. So all this is a very good way to share information and in a way keep it in the organization as well."
Sales Manager		"So, how do they, your counterparts behave and how do you operate with the different counterparts you have as the customers. [...] And especially when we transfer knowledge, when people move between roles, we do focus a lot on the people part: so transferring the knowledge of people instead of just general facts."

Usage of Feedback

The frequency of direct communication efforts reported between employees as well as with external actors varied between actor as well as CEO when considering multiple sorts of feedback. Although some variation could be seen, there was a pattern of having frequent and regular contact within the organizations by feedback sessions in one-on-one contact, groups as well as generally given feedback.

CEO #1 considered that a group meeting once a week was important. However, this meeting cannot be considered to be a commonly used “meeting of progress of projects” but had a very unusual approach.

*“And through that we have continual conversations with effective communication. I call it learning to perpetuate what’s going on, but most importantly we gather up once a week and we have a what’s called a **dummy tax meeting**. And what we do is go around the group, so everyone can hear, then we discuss the biggest challenges or mistakes that they are facing and what values are lying with those mistakes.”*

These “dummy tax meetings” seemed to be a way for the CEO #1 to encourage the employees to learn externally, not only from personal mistakes, but also from the mistakes of others. The learning from the mistakes is highlighted by the CEO as he follows by saying:

“And looking at the context of those values, I then share those with everyone and go around and then the person to motivate them to expand, and to access that information that you’re discussing. What I do is, I give a bonus to whoever I think made the biggest mistake, which then actually is framed as the biggest lesson or biggest miracle for the group.”

The effective communication used by not only the employees to describe the biggest mistakes made during week, but also used by the organization to show that making mistakes is part of the learning process, shows that the true objective is to improve. The organization shows that the goal is to learn individually from the mistakes, but discussing the mistakes as a group ensures that internal organizational learning is used properly, not leaving the sharing and transferring of knowledge to uncertainty.

The same CEO describes the meetings as a process, in which they wish to gather and share data and to “*empower to learn from the data given*”. The discussion, which follows from the unveiling of the biggest mistakes, can be considered as feedback as they together see “*what values are lying within those mistakes*” and therefore correct and adjust their future actions accordingly.

Similarly, CEO #2, notes that she has sessions with her employees, in particular weekly sessions with new hires. However, she has a different approach to it as after the weekly sessions in the beginning, she begins to cut down the frequency of the meetings as seen in the excerpt below.

“ I’ve just hired a new person, so we agreed to spend one hour a week together, go over everything and just talk about stuff and create a vision and excitement and then we will take it to every two weeks and so on. [...] That’s how we want to make sure that we tap into her abilities, that she is fully equipped, that she is fully empowered. That’s kind of our organizational culture that shows that that is important, how much we invest in her and her development.”

This excerpt demonstrates how she uses these feedback sessions to not only give feedback, but to get to know the employee to create more of a relationship to have her empowered. She mentions the meetings of discussing to be of a developing nature, to utilize the capabilities of the employee and develop them through these feedback sessions.

In addition to the feedback from the leader to the employee more a repetition was seen in the answers of the CEOs considering feedback going the other way –from employee to organization. This can be seen for example in the explanation of CEO #1:

“So, we have specific questions in a survey that we have in our reviews that go through not only the logistical needs of each employee group and company as a whole but also effectuating the values which constantly allow us to have different types of improvements.”

This CEO #1 uses this feedback session of the employee to also learn more about their own organization and to understand what can be improved. Giving the employee a situation where they may be criticized may open the employee up to give more honest and truthful review of the company and hence make viable suggestions for future development.

The usage of feedback to an employee can be reduced to the literature discussed earlier, as these sessions, whether in a group or in general, can be seen to relate directly to the relational proximity. The one-on-one side of it can be considered to create trust and common understanding as suggested by Hermans (2013). In this sense the feedback from organization to employee.

In addition, having the employee give feedback to the organization may also open up the employee to be more susceptible to change and criticism, making personal growth, individual learning and possibly organizational learning through these more possible due to the employee learning more and adjusting their behavior accordingly and the organization gathering more knowledge on themselves. Although the individual learning is highly likely in a situation like this, the organizational learning has an uncertainty as the organization may not implement the feedback given, especially if this is not in a format that can be easily implemented. This means that if the questions are not asked in a manner that leave the questions open, as CEO #3 proposes in the following excerpt, the organization may get answers, yet no proposals for solutions nor any extensive explanations.

“But it now comes together with the change of the culture. And we do a major feedback session with our employees every year, it’s called My Voice, where people can totally freely and openly say what they feel. I mean there are a lot of questions, but they are open. I mean you can tick a box and then you can with your own words say whatever you feel about the company.”

Although this does propose to use open questions, it does not show the type of questions to be asked; whether they should be general or, whether they should be specific. However, the CEO does mention a lot of open questions, which some could

see as an indication of specificity, however that cannot be said for certain. This indication was however visible in the answer of CEO #1:

“You know, we always ask what you like, what don’t you like, who’s the most positive, who’s the least positive – all these great questions. But you know, we also ask how can we improve trainings for example. And somebody noted, because we always have lunches at trainings, that somehow over the past few years, we’ve neglected to give water. So you know, it’s just being an executive at the top, you sometimes don’t notice the very critical things that can, you know, change the energy, change the perspective of the training, because people don’t have bottles of water when you’re serving them food.”

Moreover, the most difficult issues may be overlooked until the smaller issues are solved, often making organizational learning slower, and therefore resolving the smaller issues such as the formerly introduced water issue by CEO #1 can make a significant difference.

According to CEO #4 feedback should not only be gathered from the employees of the organization, but also from other external entities. This CEO mentioned that they purposefully search for feedback of their business from “google alerts” to understand what external actors think of the business. However, he does consider this knowledge gathered from the external knowledge to be absorbed with caution and to be filtered and changes to be made to an organization due to this feedback only to one’s own liking. This can be seen in the following:

“You know this morning I learned more about my business from google alerts finding what other people and other companies other events were saying about me and how that was shaping my public persona and whether or not that was something that I liked or wanted to adjust.”

Although he does encourage to learn from external sources through feedback, he explains the method of filtration of feedback as well as bits to learn from in the following way:

“I would say getting the right information to the right people at right time. I would say there is two different ways that we learn and that’s through either opinion or counsel. This is really important, opinion comes from people that may have the very best intentions, they may love you, they may want the best for you but they don’t have any direct experience [...] so anything they give you, any advice they give you is really just their opinion. Now counsel comes from people who are who’ve actually walked in the same shoes that you want to walk. They have direct experience, personal direct experience in that particular area. So I always tell people make sure you’re seeking a counsel and not opinion. And when I’m out there working with folks what I’m doing is I’m focused on a very specific target customer in providing counsel based on my direct experience. You know I’m not focused on what other people say works, I’m focused on my experience and I have this expression with people, take what I teach you, and take what I share with you and think of that like putting your hand in there sand. And what I mean by that is if you were to take your hand and you were to scoop out a big and you are at the beach and you scooped out a big thing of sand a big pile of sand and then you closed your fist, what’s going to happen is sand is going to pour out between your fingers and the sides of your hands. And what’s going to be left is a small little amount of sand that remains in the center of your palm and that’s really the information of a knowledge that you decide to keep based on what I share from my experience.”

Due to the same reason of trust and common understanding (Hermans, 2013), the feedback from employee to organization corresponds to previous findings as well to create the same relational proximity between entities. This can be considered to be the case both in terms of external entities as well as internal, organizational entities.

This also should, as knowledge is often shared through multiple sources, be implemented in social interactions. These social interactions as well as the implications will be discussed further in the following chapter.

Social Learning

Learning through social interactions, which can also be called as social learning was continuously seen in all of all of interviews as seen in the data table presented under the title “Effective Communication”. This social that could be seen in the interview and will be discussed further in this chapter, corresponded well with the literature review, showing that learning across borders of certain functions, learning from external sources and learning by positioning oneself in a central position can be highly effective for organizational learning.

However, no respondent discussed the matter in the exact same way and no evident conclusions could be drawn, yet some implications could be made. Although, no conclusions could be drawn, one thing came through: learning through social interactions is significant and should be considered as part of a business’s day to day life as can be seen throughout the rest of this chapter.

Firstly, the use of social learning could be seen in the interview of CEO #2. She suggests that not only can you learn something from others in a short period of, but understanding that the other people learn socially constantly. Therefore, they may by accident share information or knowledge with you that contains something they can’t utilise in their current situation, but something you may find intriguing and relevant to your work. This can be seen in the following:

“So, I always try to make time to meet with these people and give them fifteen minutes or whatever it is. But just like, they can teach you something. They can tell what the cutting edge is, they see a lot of people.”

However, when asked about how to filter the interactions to create the largest amount of knowledge, as one of the most valuable resources, time, is not endless, she responded as below.

“And I think every time I’ve started in a new job, the first year I go to almost everything, because I want to see what the quality is, who the people are. Then, second time around, third time around, you can already pick and choose and prioritize. And it really depends again on what you need to achieve.”

This implies that to create the most value to an organization and to maximize the amount of knowledge, the organization should keep the employees in the organization for a longer period of time, for them to be able to begin the “prioritization” of social contacts. She again further develops this to an example, turning this prioritization into exclusivity through the following example.

“Well, I do stuff like I organize dinner events for women, women leaders at my house. And I’m building certain networks that are critical, so that I get to exchange information that are exclusive for the participants. So, we have these kinds of behind the scenes networking efforts.”

This demonstrated how informality for example as a dinner, as presented above, can raise issues that wouldn’t be discussed otherwise. This usage of informality especially in social learning is developed further by CEO #5 as can be seen in the following excerpt, in which he notes that the usage of multiviewed discussions as well as questions can develop the thoughts further as well as create a faster way of organizational learning, sharing of knowledge as well as a faster absorption of the knowledge.

“And when people are talking informally about a problem, or in a meeting why not, but informal discussions are often more relaxed and the people are sharing views, not just information but views, questions, hypothesis and so on. So, all this is a very good way to share information and in a way keep it in the organization as well.”

As briefly discussed in the previous chapter about the filtration of the correct knowledge in the excerpt from CEO #4 can be seen to be related to CEO #2’s view in the way that they both find the amount of knowledge that could be digested is too vast and should be filtered in general. However, the methods of the two differ and therefore a definitive and functioning model for cannot be determined through these, although the conclusion can be drawn that the knowledge should definitely be filtered.

Usage of the what is learnt socially can be seen in the way CEO #1 discusses his training mentality of all employees:

“I train everyone with two questions. One, how can I be of service, which requires you to learn about the reasons they need you, the impact that you’ll have and the capabilities that they have, one will need. And the second question that I teach people socially to ask is, do you know anyone that can help?”

As you can see in this excerpt, customer knowledge is one area of business in which this social knowledge can be used in an efficient way. Sharing this customer knowledge with others can help the organization learn more as an organization of their customer base as well as certain clients that can be then utilized in answering the needs and desires of said customers.

Although this type of knowledge does present an opportunity to be used, CEO #3 found, there to be a possible issue both in using informal and formal knowledge for example in these situations related to the customer. The first excerpt demonstrates how such knowledge of customer relations set into a technological system, can easily be misused both as a person to add the knowledge as well as the user of the knowledge.

“The problem with all these great systems is that what you put in, comes out. And if someone doesn’t put anything in, you don’t find anything. And if somebody puts wrong information in, also wrong information comes out. And you need to educate your people also to use them.”

The second excerpt shows how, similarly, the same implication of misuse from both the user as well as the presenter of the knowledge, can impact the results to the organization.

“I just now started thinking where the experience might be bad and then you changed your opinion about the customer relationship based on, a lot about informal messages and informal stories and informal information, and because

a lot of work with the customers is based on relationships. And If your relationship is somehow complicated, of course the message is totally different. And if you change the person, whenever the relationship gets better, the information is probably better and the information is better. I mean, I could easily talk about different customers, where we nowadays we have a wonderful relationship or vice versa where we have had a great experience and today we have bad.”

This revolves near the excerpt of CEO #4, as it discusses the impact of an opinion in knowledge in relation to the result.

Therefore, one could suggest that knowledge used in a company, both informal as well as formal knowledge, should be used cautiously by filtering it. As this filtration of knowledge, eventually resulting from social learning, either directly or indirectly through technology for example, should be practiced by all employees to avoid mistakes and misuses. One could also suggest that employees should be made aware about the issues that may present themselves through knowledge, to not only avoid people from using incorrect or strongly opinionated knowledge, but also to direct the employees to themselves produce both informal and formal knowledge in a way that can't be misunderstood nor not too strongly opinionated.

Although all of the previous excerpts from this chapter do discuss the benefits of the filtration to an organization as well as an individual's development and correspond with the literature of this area in terms of overlapping of social structures as well as central positioning, it does add to the previous research in terms of acknowledging the significance of filtration in terms of a learning organization. In addition, it corresponds relatively well to the CoPs due to the overlapped structures of both external and internal entities of an organization, as well as Activity Systems theory due to its interconnectedness in social structure, conceptual framework introduced due to the correspondence of the two theories based on which the framework was made in the literature review. However, one could argue that some of the pieces of the framework such as the organizational memory and culture, on an organizational level, and history and background, may act as a filter already to these, however these can be considered to be just guess-work.

Using Full Intellectual Potential

Using the full intellectual potential of an was both controversial in a general sense as well as had the most in common in terms of key words. The most controversial part, is that many CEOs said that using the full intellectual potential of an employee is virtually impossible as can be seen in the following excerpts.

Firstly, when CEO #1 was asked how to ensure the full use of the intellectual potential of an employee, the answer was given in the most simple terms: *“I can’t”*. Although the answer was bluntly that it is not possible, he continues by noting basically that this does not mean that it should not be pursued.

*“And so what I do is, I define our objective as the enjoyment of the consistent, every day, persistent, without quit, pursuit of their potential. And then all I can do is review what those potentials are, the prioritized potentials that they have and encourage them, inspire them and **empower them**, to enjoy the consistent, persistent pursuit of those priorities or potential priorities.”*

In this I highlighted the empowerment as a term as it repeated itself in the other interviews of CEOs as shown by the following firstly in CEO #2’s excerpt of the same question:

*“I guess by giving them higher titles than they should be given, sort of **empowering** them in every way that I can and just giving them difficult assignments and not micromanaging.”*

This shows how the empowerment is the exact way also she finds that reaching towards the full intellectual potential of an employee to be possible.

Similarly, the Sales Manager, calls out empowerment as the key factor, and even mentions it to be a “trendy word” as can be seen in the following.

*“I think the trendy word we use within our organization is **empowerment**. Meaning that we do give a lot of sort of time, space and freedom to the individuals. So we sort of give them a framework or a target and then you are basically free to operate within that framework if you just deliver on what is expected.”*

In addition to the previous, also CEO #4 mentions empowerment in his answer to the exact same question as seen below.

*“The other way is I really encourage all the people I work with in taking risks, experimentation, letting people think outside the box and **empowering people** to make decisions, try new things, being creative.”*

Although all of the excerpts above include the word empowerment, they have nothing else pretty much in common. And as the Sales Manager called it a “*trendy word*”, one should question, whether this empowerment consists of the same to all. Although technically, one could make the conclusion that empowerment is the closest way to approach the usage of the full intellectual potential of an employee, one should make sure that the word “empowerment” consists of the same for all of the leaders. This will be discussed further in the “Suggestions for future research” part.

In terms the thought of empowerment, whether it can be connected to the literature review, is questionable. Due to the fact that the definition of empowerment cannot be found in the literature of the subject, nor in the explanations of the interviewees, it is difficult to tell whether it is related to the theories or the conceptual framework created. This means that the connection of “empowerment” in light of its relationship to the literature as well as organizational learning in general is difficult to prove to be strongly correlated.

DISCUSSION

In this chapter, we will discuss whether the research objectives were met and if not, then why not. After this, the limitations of the research will be discussed.

Research objectives

The research objectives are the same as they were introduced in the beginning of this paper and they will be discussed in pieces.

6. To analyze the literature of knowledge types, knowledge transfer and creation, organizational knowledge, networking methods, and distributive cognition.

In terms of this first research objective, it was met to the small exception of the last two: the networking methods as well as the distributive cognition. Due to the vast nature of the entirety of the subject studied, the subject had to be narrowed down to merely the essentials, leaving these out. However, in terms of the literature, all other parts of this were dealt with, yet one should note that as said, the subject matter is large and hence, could not be fully researched in terms of literature and could merely take the most known literature.

7. To evaluate the relative importance of different types of knowledge in business success.

This research objective was not met, although it was attempted to be developed further. However, the largest challenge was the fact that the interviewees had not grasped the terminology of knowledge types, although the author attempted to explain it. Due to the busy schedules of the management related to this study and the, in the end, short time span that this research was supposed to be conducted in, not all interviewees were able to study the terminology. It is also possible that the explanations were unclear.

8. To undertake empirical research to determine the most effective networking methods used in successful businesses.

Empirical research was conducted in a qualitative manner by interviewing. However, the emphasis in the interview questions were not specific enough to determine the most commonly used, generalized forms of networking methods.

9. To draw conclusions to determine the most effective networking methods and their transferability into business.

Some networking ways were introduced throughout the study, however no clear conclusion could be made on the most effective ones. Although, there were similarities in terms of networking methods in the interviews, the author found them irrelevant and not common enough amongst each other, for them to be able to be generalized, nor were they found controversial enough to stand out.

10. To make recommendations to employers and entrepreneurs of the use and training of networking on the basis of knowledge transfer and creation.

In terms of the research objective of training of networking, little was achieved as the questions asked from the interviewees were too broad, leaving room for differentiation in interpretation of the questions themselves already.

In general, one can conclude that the research did only moderately to reach its objectives. To generalize where the research failed, one can see that the largest issue came of the subject matter itself. Although the objectives were clearly constructed and based on a narrow front, the theoretical base, the literature studied as well as the empirical research conducted were too broadly positioned in terms of the topic chosen. Another issue in terms of the research was that the research objectives left too much room and were too differentiated: having objectives 1. and 2. to be connected to each other, but leaving a broad spectrum of questions, whereas 3., 4. and 5. to be connected in a narrow sense to networking and their methods. Further issues and limitations are explained in the following chapter.

Limitations

A key issue that can be considered and should be considered is the fact that the sample size consisted of eventually merely five CEOs and one Sales Manager, when the original target was to have six to ten CEOs. Therefore, the reader should read the results with caution and avoid taking them as pure facts. The findings could be due to

a small lack in respondents seen as merely possible results, however they cannot be considered to conclude anything in certain.

In addition to the lack in respondents, one should also take into account that the results were not strongly correlated to the previous literature and, therefore should be reviewed, again, as no absolute facts. The support for the claims presented by the author cannot be considered as fully developed and require further development. These two can be found to be the largest problems and should be taken into account by the reader.

CONCLUSIONS

Main Findings

There were two main findings in this paper related to organizational learning: effective communication and using the full intellectual potential of an employee. Under effective communication, two major issues were highlighted, which were the usage of feedback both ways as well as social learning.

First of all, feedback was found to be beneficial in individual learning by all CEOs interviewed, however the implications to organizational learning were left questionable and vague and no conclusions could be made regarding this other than their benefit in general and their possible correlation to organizational learning. In addition, the feedback could not be seen clearly to correlate with the viewed literature, other than through creating relational proximity.

Secondly, learning through social interactions was found to be beneficial by all CEOs, however again clear reasons to why, could not be seen. That being said, what could be seen is the benefit of filtration, which emerged through most of the responses. The clear reasons to how the filtration should happen was left unclear. The general connection to previous literature was found through overlapping structures, the theories presented, CoPs and Activity Systems Theory and again through relational proximity. Although these could be briefly seen, no definitiveness of the results could be confirmed.

In terms of using the full intellectual potential of the employees, it was found to be impossible. Although this being the case, empowerment was found as common ground amongst the CEOs and was mentioned by the largest number of CEOs in comparison to the previous findings. However, a bit of caution in saying that this would be definitive as correlation to previous literature was lacking and no evident definition was given to the term.

Therefore, one can conclude that the findings in general were lacking and should be further developed and researched to confirm whether they are definitive or not. The implications for future research will be discussed in the final chapter.

Implications for International Business

In general, both the research objectives as well as the final findings can be found to be related to international business already merely through the fact that there were respondents both from the US as well as Finland. This results in technically the findings being generalizable. However, as mentioned in the previous part, as the results could not be generalized, the author does not recommend taking them as definitive.

In addition to this implication to international business, one can also say that the findings could possibly implement them globally, if found definitive, because the subject is generalizable itself. There are tons of organizations around the globe, that have to learn from someone and something, meaning that organizational learning, formal and informal knowledge, social structures and other subjects discussed in this paper are relevant internationally.

Suggestions for Further Research

Due to the lacking in definitive results as well as not fully obtaining the research objectives, there is a vast number of suggestions for future research. Firstly, I recommend taking a closer, empirical look at the research objectives three to five that were originally meant to be researched in this paper. The networking methods are something that could be taken into use all around the globe. Moreover, for

businesses, this is an interesting area to research, as this could possibly be monetized to a certain extent and some are already trying to.

Secondly, in terms of the findings of this paper, further research may look at the knowledge filtration. This could be done by asking: how should knowledge be filtered? This could have major implications in future training of employees as correct knowledge filtration could result in improved results by minimizing mistakes to name one.

Another suggestion for research considering the findings of this paper, is the definition of empowerment and whether it correlates with organizational learning. A new empirical research should also be then conducted making sure that empowerment truly means the same to all interviewees. This could either assure that empowerment is the best way to reach the full intellectual potential of an employee, to the furthest extent at least.

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APPENDIX 1

Thesis, Knowledge Transfer and Creation in Organizational Learning through Networking [use of activity systems]

Interview Questions

The following questions are divided in a way that the first question that is numbered is the most important question. The answer for this question may contain the answer to the additional question. In such case, they are to be skipped.

1. To what extent are teams important in achieving the goals of your business? [In case they need simplification: How does having teams help you achieve the goals?]

Continuation questions (to be asked when they stop talking):

- a. How are the teams constructed? (In case they need specifying questions, yet not necessary: What size teams do you use? How have you chosen these sizes?)
- b. How do different sized groups/teams differ in terms of results and why do you believe so?

The following is a definition of knowledge management: Knowledge management is the process of creating, sharing, using and managing an organization's knowledge, that can be considered to be an asset to an organization, to reach its objectives. This knowledge is considered to be not only strategic such as new products or services, but can also be operational such as new ways of working.

2. In what ways does your company align with the idea of knowledge management?
 - a. In your business, to what extent do you differentiate between formal, written down, knowledge and informal knowledge, which can be found only from the head of your employees?
 - b. How is the distinction between the two forms of knowledge significant to your business? *"What is the relative importance of the two forms of knowledge?"*
 - c. Can you give me an example, in which the knowledge that is in the heads of employees has been a success to your business?
3. In what ways do you try to improve the ways that your business learns from its external environments, for example from the changing customer preferences, changing economic conditions, legislation etc.?

Knowledge-workers are considered to be those who are the professional, technical and managerial staff. Taking that into account consider the following:

4. What general capabilities do you look for in recruiting knowledge-workers?
 - a. How did you choose these capabilities as your criteria? (Most probable that the interviewee answers also why they chose this. If not, then ask also next question.)
 - b. Why did you choose this capability?
 - c. [Not in final]IF ANSWER INCLUDES BASED ON PREVIOUS EXPERIENCE: How do you benefit from this previous experience? (active retrieval of tacit knowledge).
5. To what extent would you say that experience in your industry or experience, in these roles you are recruiting for, is more important than formal qualifications?

It is argued that the key to organizational learning and knowledge management is that employees cultivate and extend their social networks within and beyond the business:

6. To what extent do you find it important that new employees learn socially from their networks of colleagues in your company as well as externally, separate to your business?
 - a. Can you give me any examples of how you encourage your employees to develop such learning networks?
 - b. How does your organization communicate and share ideas and knowledge (use of e.g. intranets, meetings, teams working etc.)?
7. How do you ensure that you use the full intellectual potential of your employees? Could you give me an example?

Both organizational culture and organizational structure have been found to promote organizational learning or knowledge management:

8. To what extent have you tried to change the structure of your organization and evolve its culture to help organizational learning and knowledge management? Could you give me few examples of such?

IF NO SUFFICIENT ANSWER:

- a. Was the change made fast or slow and why so?
- b. What was the impact?
- c. Was it a success or failure and why?
- d. Did it change the behavior or mentality of the employees? How and why do you believe so?

Collective or so called organizational memory has been found to be important in organizational learning and knowledge management:

9. How is knowledge held collectively, as in a collective memory, in your firm? (If this isn't well understood, then the following: How is the company's knowledge from the past and present kept "living" for it to be used in business today?)
 - a. To what extent is this collective memory within your firm beneficial or a hinderance to further change and learning? Could you provide me with an example? Vertebrae to be empowerment.

Research shows that informal knowledge management and collective or organizational learning is more effective than formalized systems because much of the knowledge that is crucial to organizational success is tacit, so in the employees' head, rather than explicit or codified, so called book knowledge and therefore easily captured and managed by knowledge management systems. Therefore:

10. To what extent would you say that informal knowledge exchange / organizational learning is important? Please give me an example?
11. How do you evaluate the effectiveness of knowledge sharing or organizational learning within your firm and between your firm and its stakeholders?
 - a. Please give an example of how your evaluations of knowledge sharing organisational learning demonstrates improvement towards your goals.